



**House Bill No. 7281**

**Public Act No. 07-140**

**AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR CERTAIN MACHINERY AND EQUIPMENT.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 12-94b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this section, "municipality" means each town, city, borough, consolidated town and city and consolidated town and borough and each district, as defined in section 7-324, and "next succeeding" means the second such date.

(b) On or before March fifteenth, annually, commencing March 15, 1998, the assessor or board of assessors of each municipality shall certify to the Secretary of the Office of Policy and Management, on a form furnished by said secretary, the amount of exemptions approved under the provisions of subdivision (74) of section 12-81, together with such supporting information as said secretary may require including the number of taxpayers with approved claims under said subdivision (74) and the original copy of the applications filed by them. Said secretary shall review each such claim as provided in section 12-120b. Not later than December first next succeeding the conclusion of the assessment year for which the assessor approved such exemption, the

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secretary shall notify each claimant of the modification or denial of the claimant's exemption, in accordance with the procedure set forth in section 12-120b. Any claimant aggrieved by the results of the secretary's review shall have the rights of appeal as set forth in section 12-120b. With respect to property first approved for exemption under the provisions of subdivision (74) of section 12-81 for the assessment years commencing on or after October 1, 2000, the grant payable for such property to any municipality under the provisions of this subsection shall be equal to eighty per cent of the property taxes which, except for the exemption under the provisions of subdivision (74) of section 12-81, would have been paid. The secretary shall, on or before December fifteenth, annually, certify to the Comptroller the amount due each municipality under the provisions of this subsection, including any modification of such claim made prior to December first, and the Comptroller shall draw an order on the Treasurer on or before the twenty-fourth day of December following and the Treasurer shall pay the amount thereof to such municipality on or before the thirty-first day of December following. If any modification is made as the result of the provisions of this subsection on or after the December fifteenth following the date on which the assessor has provided the amount of the exemption in question, any adjustments to the amount due to any municipality for the period for which such modification was made shall be made in the next payment the Treasurer shall make to such municipality pursuant to this subsection. The amount of the grant payable to each municipality in any year in accordance with this subsection shall be reduced proportionately in the event that the total of such grants in such year exceeds the amount appropriated for the purposes of this subsection with respect to such year.

(c) On or before March fifteenth, annually, commencing March 15, 2007, and ending March 15, 2011, the assessor or board of assessors of each municipality shall certify to the Secretary of the Office of Policy and Management, on a form furnished by said secretary, the amount of

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exemptions approved under the provisions of subdivision (72) of section 12-81, together with such supporting information as said secretary may require including the number of taxpayers with approved claims under said subdivision (72) and the original copy of the applications filed by them. Said secretary shall review each such claim as provided in section 12-120b. Not later than December first next succeeding the conclusion of the assessment year for which the assessor approved such exemption, the secretary shall notify each claimant of the modification or denial of the claimant's exemption, in accordance with the procedure set forth in section 12-120b. Any claimant aggrieved by the results of the secretary's review shall have the rights of appeal as set forth in section 12-120b. With respect to property first approved for exemption under the provisions of subdivision (72) of section 12-81 for the assessment years commencing on or after October 1, 2000, but [prior to] on or before October 1, 2010, the grant payable for such property to any municipality under the provisions of this subsection shall be equal to eighty per cent of the property taxes which, except for the exemption under the provisions of subdivision (72) of section 12-81, would have been paid. The secretary shall, on or before December fifteenth, annually, certify to the Comptroller the amount due each municipality under the provisions of this subsection, including any modification of such claim made prior to December first, and the Comptroller shall draw an order on the Treasurer on or before the twenty-fourth day of December following and the Treasurer shall pay the amount thereof to such municipality on or before the thirty-first day of December following. If any modification is made as the result of the provisions of this subsection on or after the December fifteenth following the date on which the assessor has provided the amount of the exemption in question, any adjustments to the amount due to any municipality for the period for which such modification was made shall be made in the next payment the Treasurer shall make to such municipality pursuant to this subsection.

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(d) Machinery and equipment acquired between October 2, 2006, to October 1, 2010, inclusive, and approved for exemption under the provisions of subdivision (72) of section 12-81 for the assessment year commencing October 1, 2010, shall continue to be exempt from taxation for assessment years commencing on and after October 1, 2011. The grant determined in accordance with section 12-94g, as amended by this act, shall replace the grant payable under the provisions of this section, in the fiscal year commencing July 1, 2013, and each fiscal year thereafter.

Sec. 2. Section 12-94f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For purposes of this section, (1) "machinery", [and] "equipment", "manufacturing", "biotechnology" and "recycling" shall have the same meaning as in subdivision (72) of section 12-81, and (2) "municipality" means each town, city, borough, consolidated town and city and consolidated town and borough and each district, as defined in section 7-324.

[(b) The state shall provide a payment to each municipality representing a percentage of the property tax due on machinery and equipment, when such machinery and equipment is not receiving a payment in lieu of taxes pursuant to section 12-94b. The taxpayer shall continue to be responsible for the remainder of the property tax. For all such machinery and equipment, the state shall pay to the municipality (1) for the assessment year commencing October 1, 2006, twenty per cent of the property tax due, and the taxpayer shall pay eighty per cent; (2) for the assessment year commencing October 1, 2007, forty per cent of the property tax due, and the taxpayer shall pay sixty per cent; (3) for the assessment year commencing October 1, 2008, sixty per cent of the property tax due, and the taxpayer shall pay forty per cent; (4) for the assessment year commencing October 1, 2009, eighty per cent of the property tax due, and the taxpayer shall pay twenty per cent; and

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(5) for the assessment year commencing October 1, 2010, one hundred per cent of the property tax due.]

(b) (1) A property tax exemption, at the percentage of valuation for purposes of assessment specified in this subdivision, shall be applicable to machinery or equipment described in this subsection and used for manufacturing or in connection with biotechnology: Twenty per cent for the assessment year commencing October 1, 2006, provided the acquisition date of such machinery or equipment is on or before October 1, 2001; forty per cent for the assessment year commencing October 1, 2007, provided the acquisition date of such machinery or equipment is on or before October 1, 2002; sixty per cent for the assessment year commencing October 1, 2008, provided the acquisition date of such machinery or equipment is on or before October 1, 2003; eighty per cent for the assessment year commencing October 1, 2009, provided the acquisition date of such machinery or equipment is on or before October 1, 2004; one hundred per cent for the assessment year commencing October 1, 2010, provided the acquisition date of such machinery or equipment is on or before October 1, 2005; and one hundred per cent for the assessment year commencing October 1, 2011, provided the acquisition date of such machinery or equipment is on or before October 1, 2006.

(2) Machinery or equipment used in connection with recycling shall be exempt to the extent of one hundred per cent of its valuation for purposes of assessment for the assessment year commencing October 1, 2011, provided the acquisition date of such machinery or equipment is on or before September 30, 2006.

(3) Machinery or equipment used for manufacturing or in connection with biotechnology or recycling shall be exempt to the extent of one hundred per cent of its valuation for purposes of assessment for assessment years commencing on and after October 1, 2012, provided the acquisition date of such machinery or equipment

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precedes, by not less than six years, the commencement date of any such assessment year.

[(c) Municipalities receiving a payment in lieu of taxes for machinery and equipment pursuant to subdivision (72) of section 12-81 and sections 12-94b and 12-94c, shall continue to receive such payment for five years from the date such machinery and equipment became eligible to receive such payment. As such machinery and equipment ceases to be eligible for such payment, the state shall pay a percentage of the property tax due to the municipality, in accordance with the following schedules:

(1) For machinery and equipment first included in a payment in lieu of taxes made pursuant to section 12-94b, for assessment years commencing on or prior to October 1, 2002, the state shall make a payment in lieu of taxes to the municipality for the assessment year commencing October 1, 2006. For the assessment year commencing October 1, 2007, the state shall provide a payment to each municipality representing a percentage of the property tax due on such machinery and equipment. The taxpayer shall continue to be responsible for the remainder of the property tax. The state shall pay to the municipality (A) for the assessment year commencing October 1, 2007, forty per cent of the property tax due, and the taxpayer shall pay sixty per cent; (B) for the assessment year commencing October 1, 2008, sixty per cent of the property tax due, and the taxpayer shall pay forty per cent; (C) for the assessment year commencing October 1, 2009, eighty per cent of the property tax due, and the taxpayer shall pay twenty per cent; and (D) for the assessment year commencing October 1, 2010, one hundred per cent of the property tax due.

(2) For machinery and equipment first included in a payment in lieu of taxes made pursuant to section 12-94b, for assessment years commencing on or prior to October 1, 2003, the state shall make a payment in lieu of taxes to the municipality for the assessment years

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commencing October 1, 2006, and October 1, 2007. For the assessment year commencing October 1, 2008, the state shall provide a payment to each municipality representing a percentage of the property tax due on such machinery and equipment. The taxpayer shall continue to be responsible for the remainder of the property tax. The state shall pay to the municipality (A) for the assessment year commencing October 1, 2008, sixty per cent of the property tax due, and the taxpayer shall pay forty per cent; (B) for the assessment year commencing October 1, 2009, eighty per cent of the property tax due, and the taxpayer shall pay twenty per cent; and (C) for the assessment year commencing October 1, 2010, one hundred per cent of the property tax due.

(3) For machinery and equipment first included in a payment in lieu of taxes made pursuant to section 12-94b, for assessment years commencing on or prior to October 1, 2004, the state shall make a payment in lieu of taxes to the municipality for the assessment years commencing October 1, 2006, October 1, 2007, and October 1, 2008. For the assessment year commencing October 1, 2009, the state shall provide a payment to each municipality representing a percentage of the property tax due on such machinery and equipment. The taxpayer shall continue to be responsible for the remainder of the property tax. The state shall pay to the town (A) for the assessment year commencing October 1, 2009, eighty per cent of the property tax due, and the taxpayer shall pay twenty per cent; and (B) for the assessment year commencing October 1, 2010, one hundred per cent of the property tax due.

(4) For machinery and equipment first included in a payment in lieu of taxes made pursuant to section 12-94b, for assessment years commencing on or prior to October 1, 2005, the state shall make a payment in lieu of taxes to the municipality for the assessment years commencing October 1, 2006, October 1, 2007, October 1, 2008, and October 1, 2009. For the assessment year commencing October 1, 2010,

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the state shall provide a payment to each municipality representing one hundred per cent of the property tax due on such machinery and equipment.]

(c) In each fiscal year commencing on and after July 1, 2007, and on or before July 1, 2012, the state shall provide a payment in lieu of taxes to each municipality equal to the property tax revenue loss due to exemptions provided pursuant to this section. In each fiscal year commencing on and after July 1, 2013, the grant determined in accordance with section 12-94g, as amended by this act, shall replace said payment in lieu of taxes.

(d) On or before March fifteenth, annually, commencing March 15, 2007, and ending on March 15, 2012, the assessor or board of assessors of each municipality shall certify to the Secretary of the Office of Policy and Management, on a form furnished by said secretary, the assessed value of all machinery and equipment located in such municipality that is [not eligible for the exemption under subdivision (72) of section 12-81] approved for an exemption under subsection (c) of this section, for the assessment date immediately preceding. Such certification shall be accompanied by such supporting information as said secretary may require, including, but not limited to, a copy of each exemption recipient's supplement to the personal property declaration for each such assessment date. The provisions of section 12-63 shall apply to all such machinery and equipment. The secretary may modify the amount due to a municipality to reflect a correction due to a clerical omission or mistake, or to reflect a correction that is supported by documentation provided by an assessor, and shall, annually, on or before the fifteenth day of December, commencing December 15, 2007, and ending December 15, 2012, certify to the Comptroller the amount due to each municipality under the provisions of this section. The Comptroller shall draw an order on the Treasurer not later than [five business days] the twenty-fourth day of December following, and the



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Treasurer shall pay such amount to such municipality on or before the thirty-first day of December. [If for any reason any modification is made to the amount of tax due, any adjustments to the tax due to any municipality for the period for which such modification was made shall be made in the next payment the Treasurer shall make to such municipality pursuant to this section.] If said secretary modifies the amount due to a municipality subsequent to certifying payment to the Comptroller, said secretary may reflect such modification in said secretary's next certification of payment pursuant to this section, provided said secretary shall not make any modification subsequent to December 15, 2012.

(e) All municipal valuation and enforcement procedures pursuant to chapters 203, 204 and 205 shall [continue to] apply to machinery and equipment [covered by] eligible for exemption under this section. [The] A taxpayer may appeal the assessment of [any] such machinery and equipment [for which a state payment is being made pursuant to this section may be appealed by the taxpayer in the same manner in which any taxpayer may appeal an assessment] to the board of assessment appeals, and may appeal a determination of said board pursuant to this chapter.

Sec. 3. Section 12-94g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to assessment years commencing on and after October 1, 2007*):

(a) As used in this section, "machinery", [and] "equipment", "manufacturing", "biotechnology" and "recycling" shall have the same meaning as in subdivision (72) of section 12-81, and "municipality" means each town, city, borough, consolidated town and city and consolidated town and borough and each district, as defined in section 7-324.

(b) Not later than January 1, 2013, the Secretary of the Office of

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Policy and Management shall determine the amount due to each municipality in the state, in accordance with this subsection, as a state grant in lieu of taxes with respect to [manufacturing] certain machinery or equipment exempt from taxation. The grant payable to any municipality under the provisions of this section in the state fiscal year commencing July 1, 2013, and in each fiscal year thereafter, shall be equal to [one hundred per cent of the property taxes which, except for the exemption provided pursuant to subdivision (72) of section 12-81, would have been paid with respect to such machinery and equipment on the assessment list in such municipality for the assessment year commencing October 1, 2011] equal to the sum of the following: (1) The tax loss the municipality sustains in the fiscal year commencing July 1, 2012, for exemptions approved for the assessment year commencing October 1, 2011, pursuant to section 12-94f, as amended by this act, and (2) the tax loss the municipality would have sustained in said fiscal year if the exemption pursuant to subdivision (72) of section 12-81 had been available for the assessment year commencing October 1, 2011. In determining the tax loss each municipality would have sustained, the secretary shall reflect the provisions of section 12-94c by reducing the total assessment of machinery and equipment approved for exemption under said subdivision (72) for the assessment year commencing October 1, 2010, for machinery and equipment acquired and installed on or after October 2, 2006, and on or before October 1, 2010, and multiplying the result by the municipality's mill rate for the fiscal year commencing July 1, 2012.

Approved June 19, 2007